

CHAPTER 1

ADDITIONAL SHIPMENT CHARGE

1. This does not apply on international shipments. Reference is made to the following documents:

A. Domestic Personal Property Rate Solicitation, Item 306, Limitation of Carrier Liability; Item 307, Claims; Item 308, Declaration of Value – Liability Limitation; Item 416, Full Replacement Protection

B. Defense Transportation Regulation (DTR), Part IV, Personal Property, Pages 401-3 & 401-4, Valuation Coverage(s)

2. There are several types of valuation coverage a service member may place on a shipment (see attached checklist). See descriptions below.

A. The basic coverage is the most fundamental valuation and is paid fully by the Government at no cost to the service member. Shipment valuation is calculated at \$1.25 multiplied by the net weight of the shipment. This is depreciated value coverage.

EXAMPLE: Service member requests HHG shipment of 10,000 lbs and elects only basic coverage. The calculation is $10,000 \text{ lbs} \times \$1.25 = \$12,500$ (Released Valuation). Service member has actual cash value and pays nothing. Government pays \$.64 per \$100.00 released value on basic Coverage ($10,000 \text{ lbs} \times \$1.25 = \$12,500 \times \$.64 \text{ per } \$100.00 = \80.00).

B. Option 1 (Higher Released Valuation or Lump Sum Coverage): Under this coverage the Government will pay a portion equal to the amount of basic coverage, but the service member must pay the difference for releasing shipment at a released valuation higher than that determined by \$1.25. This is depreciated value coverage.

EXAMPLE: Service member requests HHG shipment of 10,000 lbs and asks that his basic coverage be increased to \$25,000 (Higher Released Value). Service member pays difference in cost for the higher released valuation. The calculation is:

1) Government pays \$.64 per \$100.00 released value on basic coverage ($10,000 \text{ lbs} \times \$1.25 = \$12,500 \times \$.64 \text{ per } \$100.00 = \80.00).

2) Cost of the Higher Released Valuation is \$160.00 ($\$25,000 \times \$.64 \text{ per } \$100.00 = \160.00). \$ 160.00 (higher released value) minus \$ 80.00 (basic coverage provided all shipments) leaves a balance of \$ 80.00 owed by the member.

3) Total owed by service member is \$80.00. The service member pays a portion; the Government pays a portion.

4) Service member must make the election prior to shipment.

5) On any amount exceeding \$1.25, the amount owed by the service member will be collected through normal military service excess cost procedures. This is still at the depreciated value coverage.

NOTE: Both released valuation charges (Basic Coverage and Option 1) are doubled for shipments to or from Alaska.

C. Option 2 (Full Replacement Protection): This is the most expensive coverage for service members. As in Option 1, the Government will pay a portion equal to the amount of basic coverage, but again, the service member must pay for releasing shipment higher than that determined by \$1.25. However, the carriers will repair/replace missing/damaged items at their full value. The carrier is totally responsible. Settlement of a claim on this option is between the carrier and the service member. Service member initiates claim with the carrier, not the Government. However, if a problem arises, the local claims office can provide guidance. If the service member is not satisfied within 30 days after he has filed his claim with the carrier, the service member may file his claim with the Government. The minimum coverage is \$21,000 or \$3.50 per pound per shipment -- whichever is greater. Cost is \$.85 per \$100.00. This is NOT depreciated value coverage.

Example: Service member requests shipment of 10,000 lbs and asks that basic coverage be increased from \$1.25 to full replacement protection:

1) Government pays \$.64 per \$100.00 released value on basic coverage ($10,000 \times \$1.25 = \$12,500 \times \$.64 \text{ per } \$100.00 = \$80.00$).

2) Cost of the minimum full replacement protection is \$297.50 ($10,000 \text{ lbs} \times \$3.50 = \$35,000 \times \$.85 \text{ per } \$100.00$).

3) Total owed by service member is \$217.50 ($\$297.50 - \$80.00 = \217.50).

4) Collection of the \$217.50 owed by the service member will be accomplished through normal military service excess cost procedures.

5) Service member may have higher valuation than example cited.

6) Full replacement protection is the most expensive for the service member.

7) Service member pays a portion; Government pays a portion.

8) Full replacement protection must be ordered at time of offering shipment to the carrier and so noted on original BL. This cannot be ordered after the fact by a corrected BL unless mutually agreed on by both carrier and transportation office and prior to pickup of shipment. Once personal property is picked up, BL cannot be changed.

D. The following notes are also applicable to the additional shipment charge (released valuation):

NOTE 1. A statement on the BL shall be the reference to valuation of the shipment unless a higher valuation is declared. If the member requests a higher valuation, it will be indicated on the DD 1299 and on the BL.

The following statements are required for entry on the BL:

A. Increased Valuation – “Shipment is released at a declared lump sum value of \$ ____” or “Shipment is released at a valuation of \$ ____ times the net weight in pounds of the shipment.”

B. Full Replacement Protection – “Shipment released at full replacement protection of \$3.50 times the net weight of in pounds of the shipment or \$21,000, whichever is greater.

NOTE 2: The Government can pay a maximum of \$40,000 for substantial loss or damage. Using the example cited above in the “basic coverage,” service members now have a total of $\$40,000 + \$12,500 = \$52,500$ coverage for substantial loss or damage. Government will pay a maximum of \$40,000 to the member, then recover \$12,500 from the carrier and pass that \$12,500 to the member. Under Option 2, the service member would collect \$35,000 from the carrier and apply to the Government for additional losses not to exceed \$40,000.

NOTE 3: Administrative limits for individual items authorized up to \$40,000 are impacted. For example, an oriental rug is missing/destroyed under the Basic Coverage and Option 1. The established/agreed to value is \$5,000. The Government pays \$1,500 to the soldier and collects \$5,000 from the carrier; Government then pays soldier the supplemental amount of \$3,500 once recovery action is accomplished. Under Option 2, the soldier would collect the full replacement cost from the carrier. It is critical the soldier annotate the DD 1840 at time of delivery or within 70 days complete DD 1840R in order to obtain any portion of the reimbursement from either the carrier or the Government.

NOTE 4: Valuation to and from Alaska is calculated slightly differently. In short, all costs to Government and service members are doubled in “Basic Coverage,” and “Options 1 and 2.”

NOTE 5: If the carrier, on his own initiative, initiates/desires to repair/replace damage or loss, the service member should allow him to do so. Service member still may initiate a claim if carrier action is unsatisfactory.

NOTE 6: Carrier must be allowed to inspect damaged property within 75 days after delivery or within 45 days after submission of DD 1840R to the claims office, whichever is greater.

NOTE 7: Service members should be advised during counseling that it will be their responsibility to select increased coverage at a commercial rate at their expense if the GBL has

been terminated at conclusion of SIT and/or the service member is no longer entitled to storage at Government expense. To reinforce this point, PPSOs should remind service members in routine written correspondence alerting the member of SIT termination.

NOTE 8: Very important, service members should be advised to retain damaged/broken items for carrier's inspection even after payment of claim by the Government. Service member can obtain further information at the local claims office.

SERVICE MEMBER'S OPTIONS TO ESTABLISH CARRIER LIABILITY

The following are three options you have to establish the valuation of your HHG shipment. Please consult your counselor, select/circle an option, and sign the statement below. No changes are allowed once you have signed, so please read carefully and ask questions if you do not understand.

Basic Coverage:

- * Valuation is \$1.25 times the estimated net weight of the shipment.
- * No cost to you; Government pays full cost.
- * You must allow carrier to inspect damaged item(s).
- * This is depreciated coverage.

**Option 1:

- * You may select higher valuation than Basic Coverage offers.
- * You pay part of the cost; Government pays part (counselor will calculate -- approximate cost based on estimated weight).
- * You must allow carrier to inspect damaged item(s).
- * This is a depreciated coverage.

**Option 2:

- * You may select Full Replacement Protection.
- * Most expensive for you, but Government pays part (counselor will calculate approximate cost based on estimated weight).
- * Minimum valuation is \$21,000 or \$3.50 per pound times net weight of shipment, whichever is higher.
- * You settle claim initially with carrier. If you have a problem, see your Claims Officer.
- * This is NOT a depreciated coverage.

Select (circle one): Basic Option Option 1 Option 2

Service Member's Signature and Date:

NAME: _____ DATE: _____

**This does not apply on international shipments.